

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Madison

VOLUME II, NUMBER 46

WASHINGTON, D. C.

AUGUST 2, 1933

Dramatic Campaign to End Depression

Nation-wide Effort to Establish Higher Living Standards and More Buying Power

LIKE THE WAR-TIME APPEALS

Opinion Is Being Mobilized as a Force to Compel All to Accept the Program

By Max Stern

Tuesday, August 1, will be zero hour on the government's wide battle front in its war on the depression. For then will begin a new offensive, led by the commander-in-chief of the peace-time armies, President Roosevelt, and his 500 "staff-officers," and aimed at the objective of a restoration of domestic buying power through the adoption of the presidential "blanket code" for all of industry.

The new offensive is to be a folk movement. It will be bugled into action by the old 1917 war-time methods of persuasion and propaganda. The vigor and efficiency of the Four Minute Men of the old Liberty Loan drives will be invoked. War-time psychology, war-time morale, war-time will-to-win will be inspired by a publicity campaign such as America has never seen in its days of peace. Even the old personnel of the war drives is being drafted for the coming campaign.

An N.R.A. Blue Eagle, with wings outspread, one claw clutching a cog-wheel, the other lightning bolts, will be the new "fair trademark," under which employers, workers and consumers will be rallied to action.

The Roosevelt Code

President Roosevelt has outlined the terms of a temporary agreement which he hopes will be adopted by all of the nation's 5,000,000 employers. It is called the "blanket code." Briefly it calls for a 35-hour week for wage workers and a 40-hour week for white collar workers; wages of not less than \$12 a week in towns of less than 2,500 inhabitants to \$15 a week for white collar workers in cities of 500,000 people or more; no new wage cuts; no profiteering; the abolition of child labor for all children under sixteen; a moratorium on greed and selfishness.

The purpose of the drive is to secure the signatures to this historic agreement of every employer with two or more workers on his payroll. The agreement is to run for five months, but by September the government hopes its universal adoption will bring back to their jobs at least 6,000,000 of the 12,000,000 American jobless. It affects all workers, men and women alike, with the exception of certain professional classes. Adjustments can be secured through appeal to N.R.A., the National Recovery Administration at Washington.

Enforcement of the agreement is in the hands of the American people. Their weapons are the potent swords of public opinion and buying power. Firms adopting the "reemployment agreement" will advertise their patriotism by posting the sign of the Blue Eagle on their smokestacks, in their windows, on their wagons, on their goods. Housewives and other consumers will show their loyalty to the cam-

(Concluded on page 7, column 1)



—Talburt in Washington News
DIDN'T WE LEARN ANYTHING THE LAST TIME?

The Gambling Spirit

A few days ago there was a crash in the stock market. In severity it may be compared with the historic crash of October, 1929. It seemed a little less dramatic because we have become accustomed to these market breaks during the years of adversity, but it was a tragic event in the lives of hundreds of thousands of men and women. It meant the wiping out of savings. Together with the break in grain prices which occurred at the same time it spelled enormous losses for millions. It had an unsteady effect upon the course of business and raised a cloud in the brightening industrial skies. These were the surface manifestations of the market collapse. But one who looked beneath the surface could not but be impressed with another meaning suggested by the extent of the distress occasioned by this break. It was apparent that hundreds of thousands, or even millions of Americans were dabbling in the stock market. Insofar as they were investors, buying shares of corporation stock and paying cash for them, their action raised no serious economic or social problem. But a large proportion of them were not investors. They were speculators. They might even be termed gamblers. They were buying stock on margin. They were paying but a fraction, sometimes a small fraction, of the value of the stock and borrowing the rest with the stock as security. They were making their purchases, not with the thought of a permanent holding, but with the idea that their stocks would go up in a day or a week so that they might sell and buy back at a lower price and continue the performance. They were gambling on daily and weekly fluctuations and were risking all that they had upon the chance of stock movements over which they had no control and of which they had little knowledge. Thousands upon thousands of other Americans gamble each day upon the horse races. So prevalent is this practice that the attention given to the races by employees of all grades has become a serious problem in many factories, offices, stores and government departments. Still others gamble daily along other lines. There are scores of devices through which the urge to speculate may be gratified. This disposition to make money without earning it is preventing due attention to useful labor. It is diverting funds from useful projects. It is jeopardizing the income and property of large numbers of our people. It is a great national vice which hangs like a heavy cloud over individual lives and over the national economy.

Domestic Recovery or Trade Revival?

Many Think the Nation Can Build Home Markets Regardless of Foreign Trade Gains

THEY SHOULD COME TOGETHER

Recovery Program at Home Does Not Call for a Policy of Economic Nationalism

The idea has been developing during the spring and summer that the United States must give up hope of greatly increased foreign trade and that it must fashion an industrial future based upon home markets and relatively independent of foreign conditions. No one wants to quit trading with foreign countries altogether. There are no suggestions, for example, that the American people stop drinking coffee, or that they undertake to produce it at home. No one suggests that we give up any foreign market for our goods if we can retain it. It is assumed on every hand that a certain amount of trade with other nations will continue. An issue has developed, however, as to how much emphasis we should lay upon trade with foreigners in planning a return to prosperity.

Drift to Nationalism

The same sort of issue has arisen in the other countries. In Great Britain, in France, in Germany and elsewhere there are those who say that their homelands should be self-contained, that each should go its own way and work out its own destiny, dependent to a certain extent, of course, upon other countries, but as independent of them as possible. There are others who believe that the world-wide depression resulted largely from the blocking of customary trade channels and who argue that prosperity will return only if and when the nations begin to exchange goods more freely and in larger quantities.

The trend has been, of course, toward economic nationalism, and the current is still running in that direction. For this development several facts or conditions are responsible. For one thing, the war left behind it a number of great international debt obligations. Governments found themselves in debt to other governments. Huge transfers of gold were called for. Germany owed reparation payments to France and Great Britain and the other allies. Italy and France owed money to England, and all the allies owed debts to the United States. In order to make the payments at all, the debtor countries were obliged to sell more than they bought. If, for example, the British people sold a larger amount of goods and services than they purchased, a surplus of gold would flow into the country and this surplus could be used in the payment of debts. But if there were no such surplus, if more were bought than sold, there would be no surplus and payments could not be made. Accordingly, it seemed necessary to the different governments to discourage imports and encourage exports. Restrictions of various sorts were placed on imports from abroad. In the case of some articles imports were forbidden altogether or were allowed only in stipulated amounts. In other cases, imports were discouraged by high tariff rates.

If only one country had been following

this plan, it might have worked. But obviously it could not work if all of them, or nearly all of them, were trying it. When everyone was trying to sell, and no one was willing to buy, the result could not be otherwise than a discouragement of trade all round. And that is what has been happening all these years.

Another motive also contributed to the discouragement of world trade. This was the spirit of narrow nationalism. This spirit, too, was a product of the war. National patriotisms were developed by the struggle. The people of the different nations thought more intensely of their own welfare and were less moved by international considerations. There was a tendency for people everywhere to try to develop their own country without regard to foreigners. In Great Britain one heard the cry "Buy British." In America the slogan was "Buy American." Everywhere there was a disposition to patronize home markets and to close these markets against foreigners. Countries which had been dependent upon imports from the outside for their agricultural products encouraged their own agriculturists so that they would not need to buy from abroad. This is one reason why the American farmers found a decreasing foreign demand for their wheat. Italy and other countries which had been depending upon the American wheat began to raise it for themselves.

Discouragements to Trade

Another fact has looked in the same direction. This fact is the depreciation and instability of currency. If a Frenchman buys goods in America, he buys it as we do, with dollars—with American currency. He exchanges his francs for dollars and then makes the purchase. When the dollar has a steady value, when he can exchange the same number of francs for it from one month to another, he knows what his American goods will cost him in his own money. When the dollar is off the gold standard and when it fluctuates in value, he does not know from day to day and from month to month how many francs he will have to give in order to get a certain number of dollars, and hence in order to make a purchase of American goods. When more than half the currencies of the world are off gold and are fluctuating from day to day and from week to week, trade among the nations becomes increasingly difficult.

At the present time another difficulty has presented itself to international trade, so far as the United States is concerned. In this country we are engaged in a great campaign to raise wages and to shorten working hours. This will add to the costs of production, and these added production costs must be reflected in higher prices of finished products. Perhaps this sudden raising of the standard of living which we are undertaking in America will raise costs of production to a figure far above the cost of producing like articles in foreign

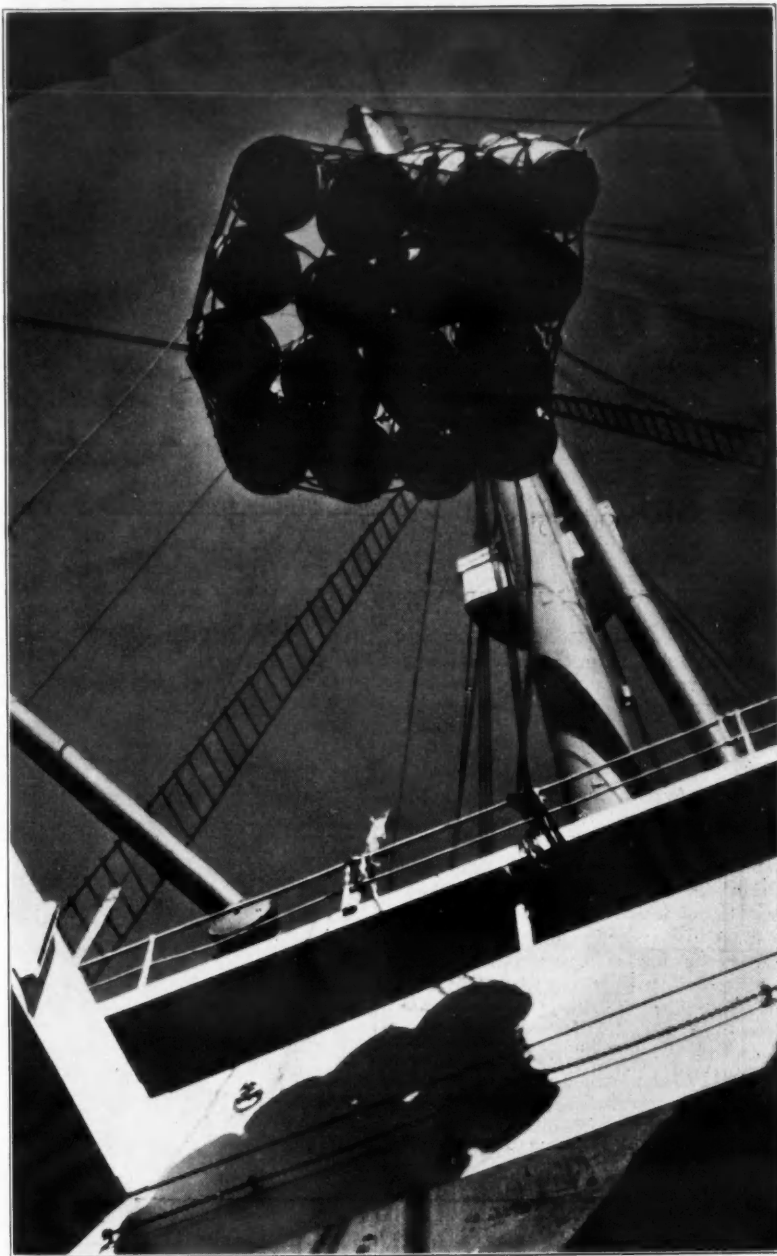
countries. This in itself would encourage the importation of the cheaper foreign goods into America, but if such importation were permitted it would kill the effects of the recovery program. It would serve to penalize the American producer in favor of the foreign producer. Such a result may naturally be prevented by the raising of tariff duties against goods which are threatening to compete. Of course, if the price advancements in America are gradual and if they are accompanied by increasing prices abroad, foreign trade may still be permitted, and even encouraged, without impairing the American recovery program (see page six).

What About It?

We have outlined now the facts as they have been developing recently in the United States and other countries. World trade has unquestionably been falling off. American foreign trade declined in 1930 about 28 per cent from what it had been in 1929. In 1931 it declined 53 per cent; in 1932 69 per cent. By that time we were selling and buying abroad about 31 per cent (less than a third) as much as in 1929. The trend continued during the first quarter of 1933, our foreign trade falling during that period 26 per cent below what it had been during the first quarter of 1932. The question now is as to what we will do about this situation. On the one hand we have the economic nationalists who say that there isn't much that we can do about it. The World Economic Conference accomplished but little. All the nations of the world are going the road of economic nationalism. We must do the same thing. While buying from abroad things that we really need and that we cannot well produce at home, and while seizing all the export trade that we can, we must face the fact that not a great deal of improvement in international trade may be expected and that our own prosperity depends upon our creating a large market at home for our products and in our depending on that market.

On the other hand, there is the view that we must recognize difficulties in the way of international trade, but that we must work tirelessly to remove these difficulties. It is argued that many of our industries have been built to their present capacity with the expectation of selling a large share of the product abroad. Such sales have been made in the past. If they cannot be made in the future these industries will dwindle and will leave unemployment and distress in their wake. We must admit, according to this view, that by withdrawing within our shell and failing in the attempt to broaden our trade relations we will have to be content with a lower standard of living.

In examining this conflict of opinion let us see which of our industries depend largely upon foreign export trade, and also what products we secure in largest quantity from abroad.



© Ewing Galloway

THE DRASTIC DECLINE IN FOREIGN TRADE HAS HURT THE SHIPPING INDUSTRY

Looking first at imports, we find that the twelve most important commodities, in the order named, are: coffee, silk, sugar, paper, crude petroleum, wood pulp, fruits (mostly bananas and nuts), rubber, furs and their manufactures, manufactured cotton goods, chemicals, vegetable oils (inedible). Our most important exports during the years 1926 to 1932 were, in the order named: cotton, petroleum (largely refined products), machinery (electrical, agricultural and industrial), fruits (mostly apples and oranges), automobiles and accessories, tobacco, packing house products (meat and lard), wheat and flour, cotton goods, coal and cokes, chemicals, iron and steel mill products.

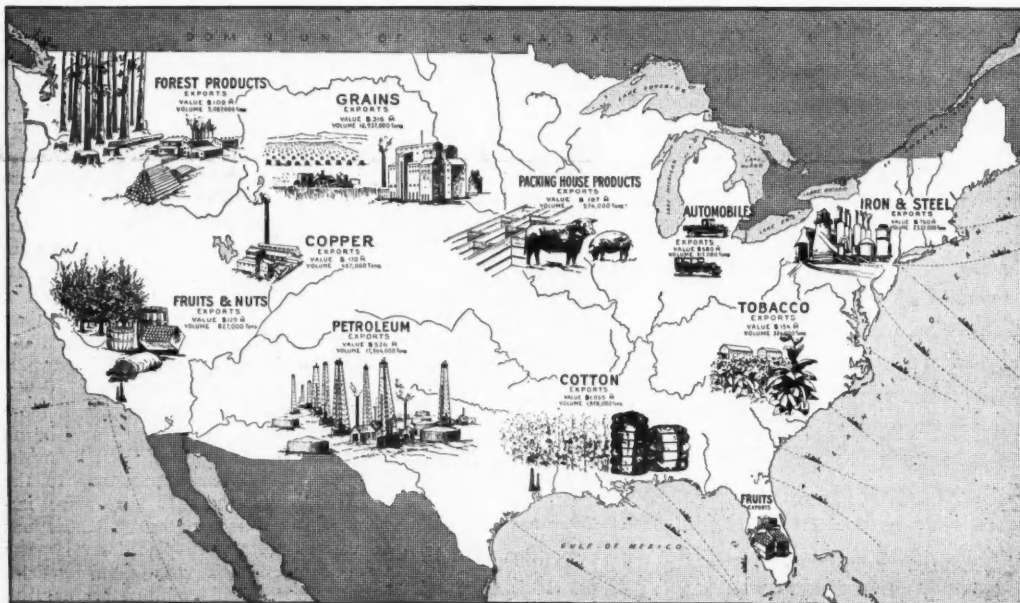
It is obvious that we would suffer through any great curtailment of our trade with such a nation, for example, as Japan. We sell machinery to the Japanese. We sell a considerable amount of cotton. We sell electrical supplies and steel. In return we buy a very large part of the raw silk which the Japanese produce. We would find it very difficult, indeed, to secure silk goods, of the great variety with which we are

familiar, if we did not have this article from Japan. And our manufacturers would be put to the necessity of very greatly increasing their sales at home, if these sales were to offset those which are made to the Japanese. It would seem clear, then, that anything that could be done to encourage exchange of our machinery and cotton and other goods to Japanese, for Japanese silks, should be encouraged. American cotton growers normally export over half of each crop abroad, chiefly to Great Britain; while American wheat growers normally sell about one fourth of their products abroad. So while it is true that only about 10 per cent of the commodities and materials grown or manufactured in this country are sold to foreigners, certain industries are far more dependent on the foreign market than the 10 per cent figure would indicate. And yet we cannot expect to sell the products of these dependent industries abroad in increasing value, unless we purchase correspondingly of foreign products.

Fruits of Nationalism

It seems clear, therefore, that if trade with other nations continues to languish, one of two things must happen in America. Either we must be content with a much lower standard of living than we have had and than we have aspired to, or else we must make a very marked readjustment of our industries in this country. We must curtail certain of them very decidedly and shift our energies to other directions. That, of course, would be a very hard thing to do and it could be accomplished only after a considerable interval of confusion. Even though purchasing power in America might be raised to such an extent that the American people could buy all of the prod-

(Concluded on page 7, column 4)



Courtesy U. S. Shipping Board (Figures for 1928)

EACH SECTION OF THE NATION, AS SHOWN BY THIS MAP, IN PROSPEROUS TIMES WAS VITALLY INTERESTED IN EXPORT TRADE. THEREFORE, WHEN FOREIGN MARKETS DECLINED, THE WHOLE COUNTRY SUFFERED.



SENATOR PITTMAN of Nevada won a hard-fought victory at the World Economic Conference before it adjourned. He obtained the support of nine nations, producers of silver or holders of silver bullion, to sign a silver control agreement. The nations include India, China, Australia, Canada, Mexico, Spain, Peru, Bolivia and the United States. The agreement is to run for four years, beginning January 1, 1934. The various governments must ratify the proposal not later than the first of next April, if it is to go into effect. Briefly, the agreement binds the governments not to sell more than an allotted amount of the white metal, and also requires several of the governments, including the United States, to purchase a certain quantity of silver from home producers each year.

Post and His Robot Pilot

Magellan's expedition took three years to circle the globe. Wiley Post did it in slightly more than a week. Mr. Post's flight was something more than a phenomenal feat on the part of a man with nerves of steel and great courage. It was the triumph of mechanical progress. His airplane was equipped with the most scientific equipment to be had. His robot pilot is an innovation which undoubtedly will be used on a wide scale in aviation. It relieved him of a tremendous strain. It guided the plane with far greater skill, the last few days, according to Mr. Post, than any man could have, as the long hours of tedious grind is a terrific strain on the human frame, while they had no effect whatever on the robot pilot.



© H. & E.
WILEY
POST

Trotsky Goes to France

The Russian revolutionary leader, Leon Trotsky, left his exile in Turkey, last week, en route to France, where he has received permission from the French government to reside. How long he will be allowed to stay in France will depend upon his conduct. The French government sought permission from Soviet authorities before yielding to Mr. Trotsky's request to live in France. Even though the leaders in Russia are definitely opposed to Trotsky's ideas on how a Communist nation should be governed, they were willing for their exiled countryman to move from Turkey to France, as both Mr. Trotsky and his wife were suffering from ill health in the latter country.

In the Upper Spaces

One of the most spectacular events of the Century of Progress Exposition was scheduled for the middle of last week. It was the stratosphere flight to be made by Lieutenant Commander T. G. W. Settle, in a huge balloon. The original plan was that Lieutenant Settle would be accompanied on his air journey by Professor Jean Piccard, brother of Professor Auguste Piccard, who holds the world's altitude record. But it was decided that only one should go because the additional weight might prevent the balloon from reaching the high altitude of twelve miles which was anticipated.

Dr. A. H. Compton and Dr. Robert A. Millikan, two noted scientists, lent Lieutenant Settle their cosmic ray apparatus, which is valued at \$5,000, to take with him on his trip to the upper spaces. They hoped that with these instruments, the lieutenant could make some valuable discoveries relating to the mysterious cosmic rays.

Bread Prices

The rise in wheat prices last month, coupled with the institution of a processing tax on wheat, was followed by a general increase in the price of bread. There was a threat that bakers in many places might charge profiteering prices, thus taking undue advantage of the increased wheat prices. A publicity campaign was started in order to avoid this, and the government threatened action against bakers guilty of working together in order to advance prices. The campaign to prevent unreasonable advances has succeeded fairly well, according to Dr. Frederick C.

Howe, consumers' counsel for the agricultural adjustment administration, who reports that from June 15 to July 13 there was an average increase of slightly less than one cent per pound loaf in the thirty-two cities which were investigated.

Two More States Ratify

Two more states, Tennessee and Oregon, joined the repeal column last week. The "wets" had a narrow escape, however, in Tennessee. Until near the close of counting the ballots it seemed as though this southern state would be the first to uphold prohibition. But the returns from the larger cities turned the tide and the repealists won by the slim margin of 10,000 votes out of about 220,000 votes cast.

American Criticizes Nazis

An American sociologist, Sherwood Eddy, speaking at Berlin several days ago, stunned a gathering of German officials and business leaders by his fearless criticism of their campaign against Jews, Communists and others. Mr. Eddy told his listeners that American opinion was becoming increasingly apprehensive over some of the tactics used by the Nazi government. He said: "I had hoped to find that there was no longer persecution of the Jews. I have learned from many reliable witnesses, both Jew and Gentile, that the fate of the German Jews is becoming increasingly more hopeless. Your laws tend to the extermination of Jews."

For twelve consecutive years, Mr. Eddy has acted as leader of groups of well-known American educators and professional men on European tours for the purpose of making studies of the various nations. His frankness, as the Nazis have discovered, is one of his outstanding characteristics.

Kreisler Refuses to Play

Fritz Kreisler, Germany's greatest violinist and one of the most popular musicians in the world today, still refuses to play in his country, despite a recent announcement that in Hitlerite Germany "the free artistic activities of foreigner and non-Aryans (Jews) shall in no wise be hindered." Mr. Kreisler says he is not impressed by mere words. He insists that he will not play for his countrymen again until the Hitler government shows by action that it no longer intends to discriminate against artists, regardless of race or creed. "Art is international," he contends, "and I oppose chauvinism in art wherever I encounter it."

Roosevelt Taking Vacation

President Roosevelt is taking his summer vacation on the installment plan. He is now at his home in Hyde Park, where he originally intended to spend the whole month of August. But because of the tremendous duties at Washington, he will only stay away two weeks. Then, after a two-week stay in Washington, he will go back to Hyde Park for a similar length of time. His advisers smile when the word "vacation" is applied to the president's trips away from Washington, for he is kept busy constantly, regardless of where he is.

Scandinavian Festival

Early this month a great musical festival was held in Tallinn, Estonia. According to a custom of three quarters of a century, singers from the Scandinavian countries meet every fifth year for this festival. Twenty thousand singers took part this year. "The festival is a picturesque affair," says the *London Observer*. "The best place to see the scene is from the hill behind Tallinn, from which you can look down on the swarming arena of spectators, the fanlike sea of singers in national dress, and beyond the harbor itself and the wide ocean where ships at anchor listen to the distant chorus several miles away. Enthusiasm reached its height on the third day, when the Norwegian choir sang separately their own national song and then, in honor of their hosts, the Estonian anthem. Similarly, when the Latvians sang their group of songs the whole choir responded with a Latvian song."

Following the News

Mussolini Assumes War Post

King Victor Emmanuel of Italy has accepted the resignation of General Pietro Gazzera as minister of war and has appointed Premier Mussolini to take his place. This change is said to be the first step in unifying all Italian armed forces—air, land and water—under one head. Premier Mussolini of course, will be at the helm.

The Fascist government does not want to take too hasty action along this line, however, as it might appear to be forcing General Italo Balbo, minister of aviation, who headed the recent air armada to this country, out of his office. The general is a national hero in Italy as a result of his dramatic flight, so the government wishes to treat him accordingly. When the unification is made, it is expected that Balbo will be promoted to a more important post as a sign of appreciation of his work in building up the Italian air force.

War on Kidnapers

The war on kidnapers which is being conducted by the United States Department of Justice is accomplishing something. One of the most dangerous gang leaders in Chicago, who led the kidnaping of John Factor, has been captured. The Luer kidnapers have also been taken by federal agents. When these federal officers capture a kidnaper they can take him across state lines without extradition, as state authorities cannot. This renders the capture of the criminals much easier.

What Price Independence?

Events of the past week in the Philippine legislature would indicate that the Hawes-Cutting independence bill, which was pushed through the special session of the United States Congress, will be rejected by the Philippine parliament. Senator Manuel Quezon, popular figure with his people, and arch foe of the Hawes-Cutting bill, has made smashing attacks upon the measure. His bitter opponent, Manuel Roxas, was ousted from the speakership of the House of Representatives, several days ago, after he had championed the independence measure. Moreover, all committee chairmen favoring the Hawes law were removed from their posts. So at the moment, Senator Quezon and his followers have the upper hand. They, of course, desire independence as much as their opponents. They, however, feel that the terms in the Hawes-Cutting bill, erecting tariff barriers against Philippine products so shortly after the granting of independence, would be fatal to the islands' economic life, which has been built on the foundation of free trade with the United States.

Automobile Deliveries

The Ford Motor Company is seeking the cooperation of other leading car manu-

facturers in abolishing the custom of having automobiles driven from factories to dealers by paid drivers. Mr. Ford contends that these drivers are often careless and do serious harm to new automobiles. Even though it costs a little more to ship cars by truck or train, Mr. Ford believes the improved condition in which the cars would reach their dealers would pay in the long run. And if all companies would take similar action along this line, Mr. Ford says, the additional freight charges would be the same in all cases, and would not affect the competitive basis of the various manufacturers.

Sensational Headlines Banned

The Austrian government has placed a ban on sensational headlines in newspapers. It took this action because it believes that the significance of news stories, headed by large black headlines, is out of proportion to the true importance of the articles. The semi-official newspaper, *Reichpost*, exulted that newspapers had been forced to discard "the carnival dress of the post-war period" and to return to "civilian clothes."

Believe It or Not

Sir Arthur Smith Woodward, eminent British anthropologist, in addressing the sixteenth International Geological Congress the other day, set forth his belief that man originated in a remote spot in East Africa. Until now it was generally believed by anthropologists that the cradle of the human race was either in Central Asia or in Europe. But recent evidence found in East Africa, Sir Arthur said, convinces him that the birthplace of man was there. Moreover, Sir Arthur told the gathering, the same evidence would indicate the age of man to be ten million years instead of one or two million as is generally believed.

Reducing College Costs

The *World Tomorrow* says that "students at the conservative University of Iowa have had a lesson in what can be accomplished by the elimination of private profit under practical cooperation." The plan is outlined as follows:

During the last school year, Field House and Kellogg House, two cooperative dormitories for men, and other dormitories for women, were operated at such a low cost that undergraduates who could not have attended college otherwise have been able to do so by securing residential privileges in these houses. The *News Bulletin* of the university points out that "even though a new student has no job, he can have a whole academic year, all living expenses and school costs, for \$175 if he lives at Kellogg House and has earned the right to a partial fee exemption." At Field House, for example, by doing all their own work in the dormitory, "they can secure comfortable and healthful living quarters, including their own study hall, for one dollar a week."



AN INDEPENDENCE DEMONSTRATION IN MANILA. Every islander ardently desires his country to be independent. But many are not in favor of the Hawes-Cutting independence bill passed by the special session of Congress. (An illustration from "Philippine Uncertainty" by Harry B. Hawes, D. Appleton-Century Co.)

The AMERICAN OBSERVER



Published weekly throughout the year (except two issues in December) by the CIVIC EDUCATION SERVICE, 744 Jackson Place, Washington, D. C.

Subscription price, single copy, \$3 a calendar year. In clubs for class use, \$1 per school year or 50 cents per semester.

Entered as second-class matter Sept. 15, 1931, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

EDITORIAL BOARD

CHARLES A. BEARD HAROLD G. MOULTON
GEORGE S. COUNTS DAVID S. MUZZEY
WALTER E. MYER, Editor

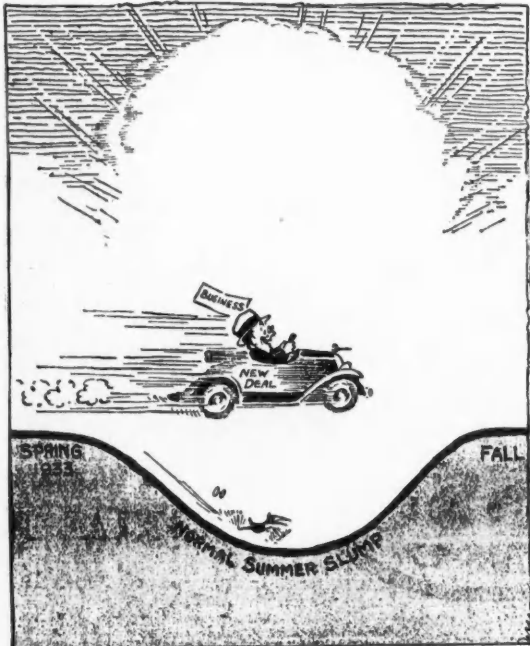
VOL. II WEDNESDAY, AUGUST 2, 1933 NO. 46

Effects of Speculation

For a few days the attention of the nation was deflected from the recovery measures of the government by a crash in the security and commodity markets. These markets had been rising since the low points were reached last spring. Wheat, which but a few weeks ago was worth only twenty-five cents a bushel in the great wheat-growing sections of the West, sold on July 18 for a dollar. The price was about twenty-five cents higher in Chicago. Shares of stock in the great corporations of the country, shares which are bought and sold daily by millions of people partly for investment and partly for speculation, had risen until many of them were four or five times as high, or even higher than they were the first of March. In many cases they were selling out of all proportion to the earning power of the corporations. People having large or small sums to invest noticed that stock prices were rising. Without taking any thought to the real worth of the shares of stock, they bought, hoping that the market would go still higher. And go higher it did for a while. Then, on July 19, there was a break in the market. People who had bought their stock with borrowed money were in many cases required to sell in order to pay off what they had borrowed. Then the stocks fell so low that the brokers, or bankers, holding them as security, fearing that soon they might not be worth as much as the loans, required the holders of them to sell. This selling depressed the market still further and there were severe crashes on the 20th and 21st. The result of all this was that many incautious men and women lost all their savings and that business was disturbed by the fluctuating markets.

There was a quite general demand that something be done by the government to stop the crash of the markets, but there seemed little that the government could do. The people had been seized with a mania for speculation. In many cases they were not investing. They were simply gambling—gambling on a constantly increasing market—and when millions of people are seized with this mania for gambling there will be wild advances in the market followed inevitably by crashes. This will be destructive to individuals and it will unsettle business, but the real trouble is in the gambling disposition of the American people.

Some things, of course, might be done. It might be made illegal for investors to buy stocks on margin; that is, to buy the stocks, putting up but a portion of the price and borrowing the rest, with the stocks as security for the loans. If margin trading were prohibited, the purchase of stocks would take place on a smaller volume. When the markets are going up they would go up less



BOY, PAGE SIR ISAAC NEWTON
—Seibel in Richmond Times-Dispatch

rapidly, but the rising prices would not be disturbed by such disastrous crashes, and those who are inclined to gamble might be saved from their folly.

In the case of the trading in grain, something can be done. The federal government has asserted its right to supervise the grain markets on the ground that the manipulation of grain prices works to the detriment of producers, consumers, shippers and legitimate dealers in interstate commerce in grain. After declaring its power to act, Congress passed a Grain Futures Trading Act in 1922, an act which was approved by the Supreme Court the following year. This gives Congress the power to license traders in grain futures. Acting under this authority the Department of Agriculture induced the Chicago Board of Trade to close its market for a time and to establish the rule that when it opened no sale of grain at a lower price than that charged at the closing should be allowed. Another provision limits the daily fluctuation in the price of commodities traded in the market.

The Department of Agriculture announced that the speculations of one trader in grains threatened, if the market had not been regulated, to cause a further break in all grains. This speculator, or gambler, had bought 13,000,000 bushels of corn and millions of bushels of other grains. He did not pay the entire price for what he had bought, but had put up but a fraction of the money. When the price started to fall, the brokers who had loaned him the money, fearing that the price of the grain after the recent declines would be insufficient if the declines continued to pay for the loans, were going to force him to sell in order to pay what he had borrowed. If the market had not been closed and if the rule had not been established that sales could not be made at a figure lower than at closing, these millions of bushels would have been thrown on the market and have caused a smash in prices.

This shows to what an extent gambling affects legitimate business. Millions of farmers were adversely affected because this one man, and others like him, chose to gamble in the commodities the farmers raised. That is the reason that the government stepped in to regulate the grain markets. Perhaps later there will be a regulation of the stock market, though it is not clear now just what form the regulations will take.

Crucial Days

In the national capital there is an atmosphere of tenseness and suppressed excitement which reminds one of the war days. There is nervous activity about the government departments and especially the bureaus having to do with the various aspects of the recovery program. About the White House recovery administration executives, senators, business leaders, may be seen awaiting conferences. Rumors, too, such as always make their appearance in times of stress, are in the air. There was the story last week, for example, that President Roosevelt was seriously ill. His slight attack of indigestion became the basis for the story which had wide currency in Wall Street, to the effect that he was near death. This absurd rumor had something to do with the break in the stock market. The grave concern felt throughout the country, and even in Europe, when this rumor spread is an evidence of the great responsibility which rests upon the shoulders of President Roosevelt. Seldom in history has so much depended upon any one man. He is so closely identified with the tremendous movement which is under way to lead the country out of depression that the welfare of the nation hangs upon his words and acts. This is a heavier weight than any man ought to be obliged to bear.

A Great Experiment

It is not surprising that a spirit similar to that engendered by war should be felt at the capital of the nation, for the government is engaged in a war against those economic forces which have carried us into depression and which have threatened the safety of the nation. The weapons in use in this war are unusual in American history. The traditional policy by which industry has been allowed to go its own course has been thrown aside and the government is taking charge. It is setting out to raise wages and to shorten the working day. It is doing this in order that more men may have jobs and that their purchasing power shall be greater. Here is a great experiment in the direction of the economic forces of the nation by the political power. If this experiment succeeds, and if the nation is lifted into a more secure prosperity, the tradition that business men should shape their own courses unhampered by governmental restrictions will be greatly weakened, and a new era will have been inaugurated in American political and economic life.

Government by Social Pressure

It is always a dangerous thing to use social pressure to force individuals into line for a program which for one cause or another cannot be enforced by law. Nothing is more destructive to liberty than the establishment of boycotts by private organizations against men or women who do not conform to standards which these organizations prescribe. That sort of thing is done sometimes. There are communities in which one is prevented by social pressure from the free expression of opinion and the free and unhindered practice of his lawful pursuits. It not infrequently happens in a town, or even in a college or a school, that a drive is put on for funds, and those



THE BADGE TO BE ISSUED TO EMPLOYERS WHO COOPERATE WITH THE PRESIDENT WILL BE IN THREE COLORS. THE TOP AND BOTTOM LINES WILL BE IN RED, THE EAGLE AND THE LETTERS "U. S." IN BLUE, WHILE THE BACKGROUND WILL BE IN WHITE.

who are not in sympathy with the objects of the drive are compelled against their will to support it, through fear of an expressed or implied boycott, or through some other form of social coercion.

It is a different thing when the government itself resorts to social pressure to compel obedience to a program of wages and hours in employment. This is a program which the executive branch of the government has been authorized by law to set up. The object is being reached through the legal establishment of codes, but that work is slow, and in an emergency the great drive to bring all the employers of the country into line and to bring labor into line through resort to social pressure is but a hastening of a situation which is being provided for through legal channels. It does impair the freedom of action of employers, but all law does that very thing and the object of this action is to secure a larger liberty and a larger freedom to greater numbers of individuals through the creation of employment and the maintenance of higher standards of living.

For Control of Drugs

At a time when so many failures are being recorded in the efforts at international agreement it is gratifying to learn of substantial progress by joint action of nations for the stamping out of a great evil. The New York *Evening Post* makes this comment on the agreement for the control of narcotics:

After long years of effort and negotiation there is recorded a real step forward in the control of dangerous narcotics. An international agreement ratified by thirty-eight nations went into effect July 9. Its principal provision is a quota system which determines what quantities of narcotic drugs are needed for medical and scientific purposes and limits manufacture in the several nations accordingly.

All authorities agree that the narcotic evil must be attacked at the sources of supply, rather than by regulation of the use of the drugs. They are easily smuggled and transported, the profits of their sale are high and the drug addict will devote great effort and ingenuity to evading local laws against their use. The slow progress toward international control has been largely due to the fact that a few nations would not surrender a profitable trade while it was apparent that the production and distribution of drugs would continue unchecked elsewhere.

At last enough nations have agreed to restriction so that there can be effective reduction of the vast output of narcotics. Regard for moral and social considerations has brought this agreement into effect. The effect of the new agreement is not likely to be sudden or sensational. But dangerous drugs will be more difficult to obtain, higher in price and officially designated as a social menace by thirty-eight nations. That is a worth-while victory for those who have labored so long to bring the drug traffic under control.

United States Weather Bureau reports that Midwest has been dryer this summer than at any time in the past three years. But you'd never guess it from reading the reports on the vote on prohibition repeal.

—Altoona MIRROR

Secretary Ickes, who said he would die for the president, but not be seasick, shows he will keep his pledge when he accepts the job of managing the \$3,300,000,000 construction program.

—Spartanburg HERALD

At the present rate, the major business of filling stations soon will be the collection of taxes instead of the sale of gasoline.

—Sioux Falls ARGUS-LEADER

An authority in the English language finds that all the words that are necessary to get along on number only 850, which sounds reasonable, being 849 in addition to the highly useful "okay."

—Topeka DAILY CAPITAL

The full terrors of the new kidnapping régime will not be experienced until the song-writers have had their fling.

—Roanoke TIMES

Daily Smoke Cost Runs into Millions

Progress Is Being Made Toward
Elimination of This
Costly Nuisance

HENRY OBERMEYER has written a very complete and authoritative analysis of a very serious nuisance, that of smoke. The title is "Stop That Smoke!" (New York: Harper and Brothers. \$2.50). The book not only points out the cost in property and life due to excessive smoke in our cities, but it points the way toward the elimination of the evil.

Most people apparently regard smoke as something which is disagreeable and which in some cases injures health, but the economic cost of it is not often taken into account. Mr. Obermeyer emphasizes the extent of the American smoke bill. He estimates it at \$7,000,000 a day, or nearly \$2,500,000,000 a year. The cost per family in New York for a year he fixes at \$56—a considerable tax. Smoke increases the laundry bill. It wears away buildings and mars beauty. The elimination of unnecessary smoke in the cities, this author contends, would reduce the death rate by one sixth, household cleaning expenses by one half, and the fuel bill of the nation by a fifth.

Smoke is not one of those inevitable nuisances which we can regret but about which we can do nothing. Something is being done in a number of cities. It is said that New York has done away with 60 per cent of its smoke and that St. Louis has eliminated 40 to 60 per cent. Very much more could be eliminated even in these communities. There are chapters in the book which explain the procedure by which these results may be obtained.

The electrification of suburban railway lines, the use of smoke condensers, and the more economical use of coal so as to produce heat rather than smoke—these

are among the devices to which resort may be had in the war on unnecessary smoke.

Progress

This Changing World, by Samuel S. Fels. Drawings by Hendrick Willem Van Loon. Boston: Houghton Mifflin Company. \$2.50.

M. R. FELS, who has lived a long life as business man and liberal reformer, discusses the progress of man and of society over a wide range of activity. He lists many of the achievements of humanity, but he does not regard these achievements as final. In nearly every case he points to the need for further advancement and he has many suggestions as to how progress may be attained. He considers social and economic problems, such as medical care and housing, at considerable length, and he emphasizes the need for economic planning. There does not run through the book a social philosophy of great depth, but the outline of progress along many lines and of possibilities of improvement in social conditions is interesting and valuable.

Story of the Soil

Stranger's Return, by Phil Stong. New York: Harcourt, Brace and Co., \$2.00.

PHIL STONG again turns to his home, Iowa, for the scene of his second book. In "Stranger's Return" as in "State Fair," Mr. Stong manifests a genuine talent for making his characters seem real. His writing lacks the cynicism which is so characteristic of many present-day authors, yet he is not in the least a victim of false sentiment.

The stranger who returns is Louise Storr. She is the daughter of an Iowa farm boy who moved to New York City to seek his fortune. When Louise is still very young she marries a New York newspaper man. They are very unhappy together, however, and finally are divorced. After a year of lone struggle, as her father and mother have passed away, Louise leaves New York to pay a visit to

her Grandpa Storr, a lovable and humorous Iowa farmer, whom she has never seen.

He immediately becomes very fond of her. But several other of Grandpa Storr's relatives, who came to live with him before Louise, are jealous of the newcomer. They fear that the elderly Storr may will his large farm and other property to Louise. They have their own ideas as to who should receive his property. After trying every possible way to get Louise to leave, and after failing to prove Grandpa Storr insane, the relatives are finally compelled to leave the farm.

A romance between Louise and a neighboring farm lad, which is foredoomed to be a failure, mars the otherwise happy

ending. Throughout, however, the story is rich in humor, extremely entertaining and ranks high on the list of recent light fiction.

The Macmillan Company has just published part of a series of short biographies under the general title "Great Lives." The volumes which are already out, and those which will be out soon, contain sketches of the lives of some of the greatest figures in history.

Mercer Beasley, who has instructed a number of Davis Cup tennis stars, has written a book called "How to Play Tennis," just published by Doubleday, Doran and Company.

FROM THE CURRENT MAGAZINES

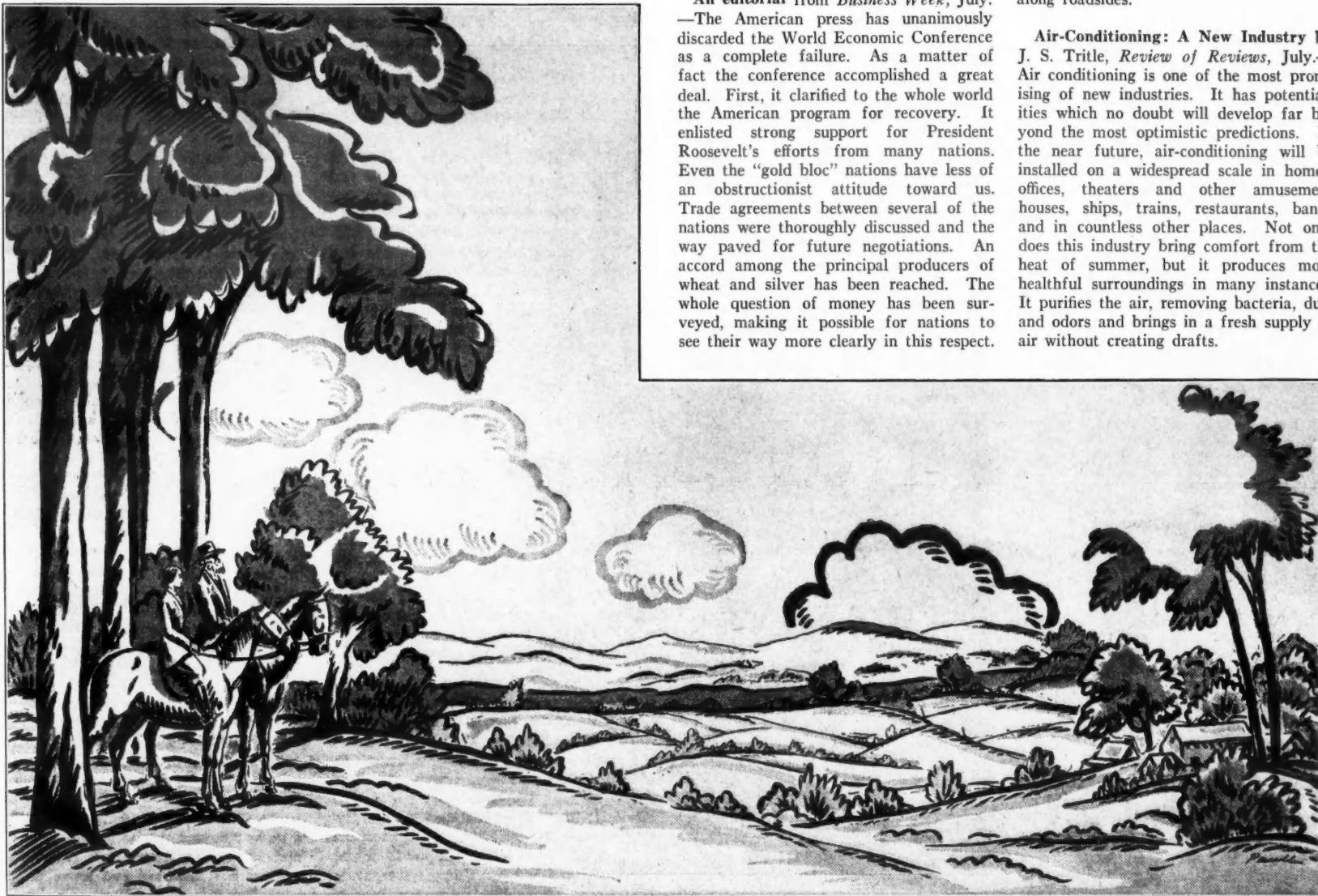
Can America Live Alone? by Christian Gauss, *Scribner's Magazine*, August.—Throughout the history of the world, progress has gone along with expansion of trade. The discovery of America was due to the fact that by 1492 trade with the East had become indispensable to Europeans; they had to find shorter routes to foreign markets. What would happen to our great coast cities such as New York, Philadelphia, Boston, Baltimore, New Orleans, Galveston, San Francisco, Seattle and Portland, if foreign trade practically ceased? Moreover, science and technology do not spring from American soil. We did not invent the steam engine or the locomotive or railway or the Bessemer steel or open-hearth process. Nor were we responsible for the first discoveries of electrical energy or synthetic chemistry. We have not produced a Darwin or a Pasteur or an Einstein. The frontiers of modern man are no longer solely geographical. From political, economic and cultural standpoints the nations of the world are interdependent. For any country to go isolationist would mean a definite step backward.

An editorial from Business Week, July.—The American press has unanimously discarded the World Economic Conference as a complete failure. As a matter of fact the conference accomplished a great deal. First, it clarified to the whole world the American program for recovery. It enlisted strong support for President Roosevelt's efforts from many nations. Even the "gold bloc" nations have less of an obstructionist attitude toward us. Trade agreements between several of the nations were thoroughly discussed and the way paved for future negotiations. An accord among the principal producers of wheat and silver has been reached. The whole question of money has been surveyed, making it possible for nations to see their way more clearly in this respect.

Many other intangible achievements resulted, making the conference much more of a success than is generally admitted.

"What! No Billboards?" by Jane Cassidy, *Forum*, August.—Billboard advertising not only mars landscape beauty, but constitutes a traffic danger by concealing traffic signs and regulations and by distracting the attention of motorists. There is therefore a considerable movement against the billboards. Over half the states have laws regulating them. These statutes provide, among other things, for setting signs back from roadsides and away from intersections, sharp curves or dangerous places, for zones free from advertising around public properties and playgrounds, for limitation of size, for prohibition against series of signs carrying motorists' attention from one sign to another. In addition some states levy taxes upon billboards. The feeling is growing among the national advertisers that billboard advertising does not pay, since the attention of motorists is necessarily so fleeting. Another force operating against billboards is the determination of numbers of people to buy only the products not advertised along roadsides.

Air-Conditioning: A New Industry by J. S. Tritle, *Review of Reviews*, July.—Air conditioning is one of the most promising of new industries. It has potentialities which no doubt will develop far beyond the most optimistic predictions. In the near future, air-conditioning will be installed on a widespread scale in homes, offices, theaters and other amusement houses, ships, trains, restaurants, banks and in countless other places. Not only does this industry bring comfort from the heat of summer, but it produces more healthful surroundings in many instances. It purifies the air, removing bacteria, dust and odors and brings in a fresh supply of air without creating drafts.



FROM THE JACKET DESIGN OF "STRANGER'S RETURN"



On July 10 Dr. Harold G. Moulton delivered an address which was broadcast on an international hook-up. This address on "American Policies and World Prosperity," though delivered primarily for the benefit of European listeners, is of equal concern to an American audience. It furnishes an economic background for an understanding of problems connected with international trade, American recovery and recovery in other lands. The address, in part, follows:

THE recent Congress of the United States, under the leadership of the president, passed a series of legislative measures which together were designed to restore economic prosperity in this country. Among these measures were the Economy Act, intended to balance the federal budget; the Agricultural Relief Act,

for the purpose of raising agricultural prices; the Farm Credit Act and the Home Owners' Loan Act, designed respectively to ease the debt burden on farmers and small home owners; the Act to Abrogate the Gold Clause in Contracts, which placed the United States definitely upon a paper money basis, and the National Industrial Recovery Act, which was designed to provide employment and stimulate business recovery.

For purposes of the present discussion the most important of these various measures are the abandonment of the gold standard and the Agricultural Relief and Industrial Recovery Acts. The departure from the gold standard is significant because it constitutes one device for stimulating a rise in American prices. A fall in the value of the dollar, as compared with the pound, for example, means, of course, that the pound will thenceforth exchange for more dollars and buy more American goods than before. In consequence, the demand for American goods is stimulated; and this naturally causes the prices of exported commodities to rise. The prices of American imports are also affected, though for a different reason. British exporters to the United States, knowing that they will now be paid in depreciated dollars, naturally demand more dollars than before; that is to say, prices are marked up.

The prices of goods produced and sold within the United States are, however, not directly affected by any change in the relative value of the dollar and the currencies of other countries. Indeed, if conditions within the domestic market remain seriously depressed, the effects of the exchange depreciation upon the general price level would be relatively unimportant. It may be recalled that England was forced off the gold standard in September, 1931; that prices rose about 6 per cent in the first few months thereafter; and then that in the following year the whole advance was lost—though the decline was not as great as that in other countries. All that exchange depreciation can do, then, is to affect a portion of the price structure. A general rise in domestic prices must depend upon other factors.

This is where the Agricultural Relief and the Industrial Recovery Acts are important; for they are designed to bring about a general rise in domestic prices.

Prospective Price Advances In the case of the Farm Relief Act the price advance is to be procured by means of a restriction of production in basic agricultural lines, and by a tax levied upon food manufactures which it is believed would be passed along, in part at least, in higher prices to consumers.

The Industrial Recovery Act is intended

American Recovery and World Prosperity

By Harold G. Moulton

to bring about an advance in prices, not by restriction of output but by the elimination of destructive trade practices involving cut-throat competition in wages and prices and by an increase of employment and an expansion of purchasing power. The reemployment is to be accomplished in part by a great program of public works, for which an appropriation of \$3,300,000,000—roughly 800,000,000 pounds—has been authorized, and in part by permitting and encouraging trade associations in all the important industries of the country to establish codes of fair competition and to work out coordinated production programs.

By preventing destructive competitive practices it is believed that *bottom prices* can be established and that this will generate business confidence and encourage industrial expansion. Reliance is placed upon changing business psychology from that of dog-eat-dog competition to one of cooperation in promoting expansion. There is, however, no thought that we can lift ourselves by our boot straps. We depend upon the reemployment of labor, both in the public works program and in private industry, to provide real purchasing power capable of absorbing and expanding industrial output. It is the expectation, moreover, that wages will be raised materially, and if price rises can be restrained this would further increase the ability to consumers to purchase the increased output of goods produced. That the expectation that genuine business recovery might thus be stimulated is not in vain is already appar-

ent. In a wide range of industries there is abundant evidence of expanding output, and the recovery movement appears to be broadening steadily.

Now a good many people believe that the emphasis which has been placed upon this domestic program *necessarily* means that the United States is no longer interested in foreign trade, or in economic conditions in the rest of the world. It is apparently assumed that we must concentrate either on international economic reconstruction, or domestic reconstruction—that we cannot pursue both objectives simultaneously, and that they are essentially incompatible. Let us then reflect for a few moments on the issues involved.

Those who regard the American domestic program as inevitably leading to the abandonment of international economic cooperation reason somewhat as follows: The administration of the Industrial Recovery Act, it is contended, will result in a sharp increase in wages and other costs of production and thus force selling prices *rapidly* upward. As soon as American prices become out of line with prices in other countries it will be necessary to prevent the competition of European goods by immediately imposing higher tariff barriers.

With European exports to the United States thus greatly curtailed it would follow that we would have to give up the bulk of our export trade and concentrate on selling in the domestic market.

If such a policy were carried out rigorously it would have obvious shortcomings from the American point of view. The curtailment of exports would in many lines result in a severe decline in prices—particularly in such agricultural commodities as cotton, tobacco and wheat. It would thus work definitely at cross purposes with the objective of the Agricultural Relief Act, which is to raise agricultural prices. Moreover, the resulting prostration of important producing areas would inevitably decrease the demand of the people living there for the products of American manufacturing industry. In other words, one extremely important division of the domestic market would have a shrunken demand, and this would react unfavorably upon the entire recovery program.

An alternative policy to the one just outlined would involve keeping the upward movement of American prices in reasonably close adjustment with the advance in prices in other countries. There is every reason to expect that a recovery of prosperity, accompanied by increasing

prices in the United States, would stimulate an advance in prices in other countries, from which we are heavy purchasers of raw materials. In fact, American imports in many lines have increased materially in recent weeks. Just as the depression of the past four years spread from country to country, involving the whole world in progressive deflation, so, once a strong recovery movement is under way in any important part of the world, its influence quickly spreads to other countries.

If the rise in American prices is gradual in character and if no effort is made to restrict imports from other countries, our economic recovery may be articulated with that in other countries as part of a world recovery movement. Reviving prosperity in Europe and consequent increasing demands for American exports would obviously be helpful to the United States in our efforts to raise the prices of foodstuffs and raw materials.

If our international trade can be expanded at the same time that domestic trade is increased, we should have a double force working toward thoroughgoing recovery of economic prosperity. American domestic policy, properly conceived, is thus in no sense antagonistic to international economic policy. I may add that there is as yet no evidence that the American policy is to raise prices *sharply*. On the contrary, the Administrator of the Industrial Recovery Act definitely takes the stand that the price rise must be gradual, in order that the purchasing power of the people may expand sufficiently to absorb the increased industrial output.

It is my hope, therefore, that the process of American recovery will contribute greatly toward recovery in other countries. It is to be hoped also that constructive efforts may be made in all countries which, while benefiting first their own people, will contribute to the prosperity of the world as a whole. There is a great opportunity just at this juncture when progress toward industrial recovery has been made in a number of countries to give a great impetus to that restoration of world prosperity upon which the happiness and welfare of countless millions depend. It does not require *internationalism* as such to accomplish this purpose. It can be achieved in large measure by national policies directed toward stimulating domestic expansion—the interacting and cumulative effects of which create the conditions of world prosperity.



IS FOREIGN TRADE NECESSARY?

© Ewing Galloway

The fact that many industries have been established on a basis of international trade leads many to believe that a continuation of that policy is essential to our welfare.



WHAT SHORTER HOURS MEAN
(An illustration from "An Introduction to American Civilization," by Harold Rugg. Ginn and Co.)

Dramatic Campaign to End Depression

(Concluded from page 1, column 1)

pay by agreeing to buy only those goods produced under the fair trade agreement. Under the sign of the Blue Eagle is the legend: "We Do Our Part."

Publicity Campaign

Every element in America's society—the 5,000,000 employers, the 40,000,000 wage earners, the 125,000,000 consumers—will be urged to rally behind the presidential code. The employers' part is to sign and live up to the agreement. The wage-earners' part is to accept the new wage and hours scales and settle their differences peacefully. The consumers' part is to buy only fair code goods. All are asked to march under the Blue Eagle banner toward the triumphal arch of national recovery.

The economic boycott? Perhaps. Coercion by public opinion? Probably. But the conditions seem to require such measures. President Roosevelt and his advisers look upon the situation as greatly resembling that of a war. A war against the insidious but powerful enemies at home, the enemies low wages, sweatshop and child labor, concentrated wealth and depleted mass buying-power, unemployment, the greed for higher profits, industrial chaos, social injustice.

"We can create a sweep of public opinion as great as there ever was in war-time," says Recovery Administrator Gen. Hugh S. Johnson, the Pershing of these days. "We've got something to build on that is the most poignant thing in the human heart—the fear and horror of unemployment."

The mechanics of the new propaganda drive are adding long hours to the days of the hard-driven Recovery Administration workers at Washington. As code hearings continue in the big auditorium of the Commerce Building's ground floor, on the second floor the government's great propaganda mill is grinding out appeals, instructions, news releases, radio speeches, movie scenarios and other matter by the literal carload. Faces familiar in Washington in the hectic days of 1917 are appearing again on the scene. Charles Francis Horner of Kansas City, former treasury director of Liberty Loan drives, has been called back to act as chief of the peace-time propaganda corps. His former assistant, Louis J. Aber of Cleve-

land, is now in charge of the speakers' bureau. Frank R. Wilson, the Sioux City newspaper publisher who directed war-time publicity for three Liberty Loan campaigns, is now heading up organization plans. And leading it all is homely, sincere, able and tireless General Johnson, who has come to be admired almost as greatly as the "new deal" president himself.

For Immediate Action

Why this sudden command to go over the top? The answer is the need of immediate industrial action. The National Recovery Act, providing for voluntary agreements among employers, government and labor to restore purchasing power, is a new Magna Charta for American industry, an attempt to control production in the interests of all the people by means of self-help and self-discipline. But its machinery by necessity is slow-moving. There

are some 7,000 trade associations, all of whom must prepare, submit and hold hearings on their fair-trade codes. So far only one major code has been agreed upon, heard in open "court," accepted by all parties and signed by the president. This is the Cotton Textile Code. A remarkable instrument, this final textile code, since it raises wages, decreases hours of labor and frees from toil some 10,000 boy and girl workers of the cotton mills in an industry famed for its low labor standards. But it is only one. Many codes have come in—200 or more have been submitted—and others are coming in daily. Among those on file are some of the big industries' agreements—soft coal, lumber, oil, cloak and suit, electric goods, men's clothing, wood textiles, contracting.

Not only were the industrial codes in a log jam. Industry had been cooling off in its enthusiasm for reform. As prices and stocks soared many big employers decided that recovery was en route without the government's aid. With prospects of another boom their codes became more conservative. Greed for immediate profits blinded their long range vision. Steel, America's No. 1 industry, sent in a code that infuriated labor. It offered the workers a 40-hour week, minimum wages of from \$10 a week in the South to \$16 in the North and West, collective bargaining by means of "company unions," a frank declaration favoring the open shop. Lumber's 48-hour week was a red flag to labor and unsatisfactory to "Nira." Soft coal and oil were more liberal, but the latter's forces were split into camps of the big oilmen and independents and a fierce battle was under way. It was evident that the new codes were not only failing to live up to the Recovery Act's intent, but that long-drawn-out contests would result at each code's hearings.

Prices and Wages

Furthermore, a dangerous spread was developing between production and wages. Hurrying to fill their warehouses before the high-wage era began many manufacturers were speeding up their machines, yet paying depression wages. The American Federation of Labor, in its July survey, pointed out that between March and May

workers' incomes increased only 7 per cent. while in that time factory production had increased 35.6 per cent. Production in many consumer goods is back to the old 1929 level, but the workers' buying power is still 56.7 per cent below that level. Buying power lagged behind prices, too. Only 1,200,000 workers went back to work between March and May, while 12,540,000 remained jobless. The situation was dangerous. Strikes were spreading. The stock market slumped as a warning. It was necessary to put the recovery program back on the high road of better wages, shorter hours and reemployment of the jobless. The need of a well-paid, busy working class to buy industry's goods was imperative for the employers' own sake. Therefore the blanket code and the Blue Eagle drive were decided upon.

Some have raised the question as to the need for going direct to the consumers, and for stirring the suspicions and animosities that go with boycott movements. The administration felt that there was no time for further parleys with employer groups. The times called for direct action. As President Roosevelt said in his radio speech of Monday night, we cannot go through another winter like the last one. The big majority of employers agree with him.

On Other Fronts

The speeding of N. R. A.'s tempo under the Blue Eagle drive is only part of the government's new offensive. On its other fronts the recovery army is hurrying to its guns. Honest, dogged Harold L. Ickes, the new federal public works administrator, has turned his big Interior Department building into a busy G. H. Q. from which he is firing 3,300,000,000 work relief dollars into the states for the building of bridges, schools, power plants, model tenements, highways, battleships, post offices, reclamation works and subsistence homesteads. He hopes to put 1,000,000 men to work by October. He has just named a National Planning Board to guide the states in spending so that the country may, for the first time, build from the blue-print of social trends and needs.

Young Henry Wallace, secretary of agriculture, forgets about sleep, haircuts and shoe shines as he struggles to make the new Agricultural Adjustment Act increase the buying power of wheat, cotton, hog and other farmers and bring order out of rural chaos.

These men and others of the General Staff of the Recovery Army meet with President Roosevelt each Tuesday to map their campaign. Will they win?

It all depends, as President Roosevelt says, upon the help they get from the em-

ployers, the workers, the white collar men and the rest of the 125,000,000 doughboys behind the lines.

"I cannot," he says, "guarantee the success of this nation-wide plan, but the people of this country can guarantee its success."

Domestic Recovery or Trade Revival?

(Concluded from page 2)

ucts of this country, they would not buy different products in the same proportion as they, together with foreign peoples, buy them. They would probably buy more of certain kinds of things, and less of other things. That is why a reorganization of our industry would be necessary before we could have prosperity under a policy of self-containment.

There can be no objection on the part of anyone to our trying to make the best of the situation, even though our foreign trade is not stimulated as much as we would like. While it languishes, as it probably must for a time, the administration is going about it to increase purchasing power at home. That is the meaning of the recovery activities. It is the meaning of the drive now under way for higher wages and shorter working hours. It is the meaning of the operations of the agricultural act.

Position of Administration

It is a fact, however, that while nothing spectacular is being done to increase international trade, and while the movements to stabilize currencies and break down tariff walls on a great scale are making no headway, certain efforts are being made by the administration to improve international trade. The governments of Argentina, Brazil and Colombia have been invited to send representatives to talk over possibilities of breaking down barriers between their countries and the United States. We are anxious to develop South American markets. We are willing to make concessions to South American countries in order that that result may be brought about. It has been proposed that certain Argentine products, such as lamb and mutton, should be admitted into the United States with lower duties than now prevail, and other concessions are being considered. The main activity of the American government is, of course, now going into the great effort to bring about prosperity in the United States by purely domestic measures, but there is no evidence that the administration has given up the hope of an eventual improvement in foreign trade, or that it has accepted a narrow program of economic nationalism as a settled and permanent policy.



AN OIL FIELD NEAR LONG BEACH, CALIFORNIA. ONE OF THE RICHEST IN THE WORLD. This industry recently submitted its code to General Hugh Johnson, industrial recovery administrator.

© Ewing Galloway

Behind the Scenes in the Nation's Capital

The "New Deal" Operates Effectively at the Department of Agriculture Under the Leadership of Secretary Wallace, M. L. Wilson, Rexford Tugwell, Mordecai Ezekiel and other Agricultural Scientists.

By Observer

The place where the visitor to Washington can actually see the wheels of the "new deal" turn as they grind out their grist is the Department of Agriculture. Already the required number of cotton growers have agreed to reduce their snowy product in accord with the allotment plan, and within a few weeks the machinery will be in motion for recruiting producers of wheat. In the gigantic basement of one of the department's rambling buildings modern machines, almost without the aid of human hand or mind, will list and card-index the thousands of farmers willing to cooperate with Uncle Sam in the agricultural experiment designed to save farmers from ruin. There is probably no other spot at the capital where things have moved so swiftly since Franklin D. Roosevelt became president on March 4. Long before the agricultural legislation was passed by Congress, the department had



© Acme
HENRY A.
WALLACE

completed its preliminary work, and it was ready to go the minute the president signed the measure. Speed is essential, of course, for this experiment seeks to do in a few months, almost a few weeks, what has never been accomplished before on such a large scale. Henry A. Wallace, secretary of agriculture, heads the group which has attacked this problem in such a big and quick way, and if there is one man in Washington who knows the farmer and the farmers' problems, it is Secretary Wallace. His people have lived on the land for generations, and his father, the late Henry W., was secretary of agriculture under Presidents Harding and Coolidge. Young Henry grew up in Iowa when corn was a treasure as valuable as gold, and when things were booming in the West. He studied corn as he did his A-B-C's, and soon took issue with some of the things the teacher taught. In those days prizes at county fairs were awarded to the fattest and prettiest ears, and the inquisitive, scientific future cabinet member wanted to know what advantage they had over smaller and thinner ears. The pedagogues smiled disdainfully at him, and told him to take a sample of a prize-winning ear home, plant it and see the difference between that and ordinary ears.

The boy did, and found no difference. Sometimes the ordinary garden variety of seed turned out bigger and better than seed from the prize-winning crop. That set him to thinking and studying and experimenting. He set aside one corner of his corn patch as a laboratory, and tried experiments in cross-breeding. His accomplishments rank as high in the field of agriculture as those of other great scientists do in medicine, chemistry and the like. He increased the average yield of corn by from three to eight bushels an acre by his discoveries, and by spreading the gospel of scientific breeding of corn he taught the Middle West to do the same. It is not too much to say that Mr. Wallace is partially responsible for the tremendous surpluses which form one of his chief problems now.

In his early thirties when his father was summoned to Washington as a cabinet member, the son assumed charge of the family newspaper, *Wallace's Farmer*, and used his editorial pulpit as a means to propagandize the

farmer. Mr. Wallace did much to develop scientific growing of major crops. More than that, he took up the cudgels for a square deal for the farmer, and his writings had repercussions in the White House. He bitterly attacked the Harding ship subsidy measure on the ground that the same government which was neglecting the farmer, was giving special favors to eastern interests. President Harding called Secretary Wallace aside one day, spoke of the son's editorials and said, in a good-natured way: "I wonder whether you are for me or against me."

The father made no apologies, secretly feeling that his son was right. He simply wrote to "Henry A.": "Choose your policies if you will, but please be a little kind and a little careful." The son did not follow this advice, however, and was soon plunging head first into a series of attacks on Herbert Hoover, who was then secretary of commerce. Complaints were forwarded to Calvin Coolidge, who was president by now, but the latter did not even mention the matter to the father.

The present secretary, personally, is a shy man of simple tastes. He will not ride in the expensive government limousine if he can help it. He sends his assistants out in it at the noon lunch hour, pretending he has work to do, and then goes to lunch in a taxi or in somebody's cheap car. He is a man of no put-on, and in fact, sometimes he makes it hard for Paul Appleby, his secretary. Instead of ringing the bell to summon his secretary to the inner office, Mr. Wallace walks a fairly long stretch to the door, opens it, pokes out his head and asks Paul to step in. There's nothing wrong with that procedure except that it usually happens as Mr. Appleby is telling a roomful of politicians that "the secretary is not in."

A Montana Philosopher

M. L. Wilson, chief of wheat production, is one of the rarest figures to come to the capital in many years. He is head of the Department of Agricultural Economics of Montana State College, but he has had a finger in almost every phase of wheat farming and marketing in the last twenty years. He conducted experiments in large-scale farming under Rockefeller auspices in Montana, and grew the grain

at a profit despite low prices. He has studied the marketing and currency problems as they affect foreign sale of wheat in the Orient, Europe and Russia, and knows the foreign field as an expert. It is he who developed the basic idea of the domestic allotment plan, under which farmers get a virtual bounty for reduction of crops and acreage, and with a persistence that could not be denied, he got the



© Acme
REXFORD G.
TUGWELL

Roosevelt administration to adopt it. He played an important role in the behind-the-scenes phase of Mr. Roosevelt's campaign. Besides selling the idea to Mr. Roosevelt when the latter was only a nominee, Mr. Wilson also convinced eastern business men and industrialists that it was worth a trial.

"M. L.," as his friends call him, is quiet, easy-going and as friendly as an old shoe. He talks with a drawl, and his arm goes around in a sidewise motion as if he were reaching out for words. He is a philosopher, and likes to discuss people and their religions and customs. His hobby is collecting books and documents about Abraham Lincoln, and though his first library was burned, he now has 1,500 bits of Lincolniana. If given his choice, he would prefer to be home in his "happy valley" in Montana, living the peaceful, leisurely, comfortable life which he hopes every farmer can live as a result of the Roosevelt experiment in raising prices.

Mr. Wilson looks forward to the time when industry will be decentralized, and every factory worker will have a home with a garden around it. As soon as the next month, or two gives him enough time to take up questions other than wheat reduction, he is going to get to work in detail on certain phases of this problem. He visualizes a new America, and a new type of Americans if, through some such project, the mad race society is running now can be changed into an easy canter. He lives that kind of a life himself. He talks slowly, walks slowly and never rushes himself or anybody else—but he gets more

done than many colleagues who act as if they were trying to give a human example of perpetual motion. A rare character, "M. L." is, and one the country ought to get better acquainted with.

Attractive Rex Tugwell

Another professorial member of the farm family is Rexford Guy Tugwell, who serves as assistant secretary of agriculture. Mr. Tugwell, as is generally known, is one of the three members of the so-called "brain trust," the others being Prof. Raymond I. Moley, assistant secretary of state, and A. A. Berle, adviser to the Reconstruction Finance Corporation. Mr. Tugwell, according to many people, is the most brilliant of the three, although the shyest. He taught economics at Columbia University before signing up with the Roosevelt administration, but his great ambition is to be a writer. Neighbors in



© U. & U.
MORDECAI
EZEKIEL

Georgetown hear his typewriter at all hours, which explains why, although only 41 years old, he has written almost a dozen books on ultra-serious subjects. Five years ago, or just when Mr. Roosevelt was elected governor of New York, Mr. Tugwell wrote a book that contained almost the very ideas which have been incorporated in the National Recovery Act.

He has been attacked by some politicians as a "red" because he is tremendously interested in the Soviet experiment, and has had the courage to say so in his writings. But he believes that radicalism of the dangerous kind can be avoided if liberals rebuild the government structure immediately. Mr. Tugwell—he doesn't like to be called "doctor"—is an extremely attractive individual, personally, although he doesn't go in for society. He likes best of all to sit around with people he knows well, and discuss questions of politics, economics and government. A man worth watching, is Mr. Tugwell, for there are predictions that he will emerge as one of the really big men of the day before the Roosevelt administration is much older.

If the nations of the world ever get down to the business of effecting international agreements for production and marketing of certain world crops, allocating certain quotas to certain countries as is being done in this country under the allotment plan, Mr. Tugwell will undoubtedly be this country's spokesman. He was to have gone to the London conference if it seemed probable that something could be done there, but the unfortunate demise of that gathering, not altogether unexpected, kept him home.

Ezekiel and Frank

Two other men in the forefront of this attack on the agricultural depression are Mordecai Ezekiel, economic adviser, and Jerome Frank of Chicago, counsel. Mr. Ezekiel is a brilliant young economist, and if there is one thing needed more than all others at this department right now, it is a man who knows his facts and figures. Mr. Frank is an able and prominent lawyer, who has sacrificed a tremendous income from legal practice to help out in what may turn out to be a social revolution. Like all the rest, he works days and nights for a small governmental salary, and thrives on it.



© Harris & Ewing

AN AIRPLANE VIEW OF THE NEW DEPARTMENT OF AGRICULTURE